

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of:

Petition by the Colorado Public Utilities  
Commission, Pursuant to 47 C.F.R.  
§ 54.207(c), for Commission Agreement  
in Redefining the Service Area of  
Wiggins Telephone Association,  
A Rural Telephone Company

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CC Docket No. 96-45

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## TABLE OF CONTENTS

	PAGE
SUMMARY .....	1
I. INTRODUCTION.....	3
II. PETITION FOR CONCURRENCE WITH COPUC’S ESTABLISHMENT OF SERVICE AREAS AS THE RESPECTIVE INDIVIDUAL WIRE CENTERS OF WTA .....	5
A. Applicable Law. ....	5
B. Service Areas Proposed by COPUC. ....	7
C. COPUC's Recently Adopted Rules Provide that a Rural Carrier's Method for Disaggregating Universal Service Support Shall also Function as the Method For Redefining Service Areas. ....	7
D. Defining WTA's Service Areas to the Wire Center Level is Consistent with the Recommendations of the Joint Board. ....	10
E. The Act's Procompetitive Policies Suggest Establishment of Service Areas at the Wire Center Level for WTA. ....	13
CONCLUSION.....	14

## SUMMARY

The Public Utilities Commission of the State of Colorado (COPUC or Petitioner) files this Petition pursuant to the provisions of 47 C.F.R. § 54.207(c). Under that rule, a state commission may request (by petition) Commission agreement to define the service area of a rural telephone company to be an area other than the rural company's study area. Petitioner now seeks Commission agreement to redefine the service area of Wiggins Telephone Association (WTA). WTA is an incumbent rural telephone company operating within Colorado, and has been designated an Eligible Telecommunications Carrier (ETC) in its service area, in accordance with 47 C.F.R. § 54.201.<sup>1</sup>

Presently, WTA's service area (*i.e.* its study area)<sup>2</sup> in Colorado comprises four exchanges that include five separate wire centers: the Wiggins, Grover, New Raymer, Briggsdale, and Hoyt wire centers.<sup>3</sup> Some of those wire centers are non-contiguous, and encompass a large geographic area in the state. The size of WTA's service area is such that potential new entrants will find it burdensome to serve the entirety of that area at once. Under federal law, any telephone company seeking certification as a competitive ETC in WTA's service area must stand ready to provide supported

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<sup>1</sup> Designation as an ETC enables WTA to receive federal universal service support under Commission rules.

<sup>2</sup> A rural company's service area is defined as its study area, until the state commission and the Commission both agree to redefine that company's service area. *See* 47 C.F.R. § 54.207(b).

<sup>3</sup> As explained here, WTA has a single switch located in Wiggins, Colorado that serves all of its central offices. WTA has remote switching units located in

services throughout the entirety of WTA's expansive service area. That requirement is excessively burdensome for any potential new entrant.

Petitioner notes that WTA recently elected to disaggregate and target universal service support pursuant to Path 2. *See* 47 C.F.R. § 54.315(c). That is, WTA sought prior approval from COPUC of its method of disaggregating universal service support by filing an application for such approval with COPUC. COPUC set WTA's application for hearing before an Administrative Law Judge. Eventually, WTA entered into a Stipulation and Settlement Agreement (Settlement) with COPUC's Trial Staff and the Colorado Office of Consumer Counsel<sup>4</sup> in which it agreed to disaggregate its universal service support to the wire center level. That Settlement was approved by the ALJ, and by COPUC upon Exceptions.

COPUC recently adopted rules directing that a rural company's selected path for disaggregation of universal service support (under Rule 54.315) will also serve as its new service area. Since universal service support for WTA has already been disaggregated and targeted, no reason exists to delay redefinition of its service area. COPUC, in this Petition, requests Commission agreement that WTA's service area be redefined in the same manner as support has been disaggregated, that is, to the wire center level.

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Briggsdale, Grover, and New Raymer wire centers, and a line concentration module in Hoyt. All switching is done through the main switch in Wiggins.

<sup>4</sup> The Office of Consumer Counsel is the statutory consumer advocate in Colorado. *See* §§ 40-6.5-101 *et seq.*, Colorado Revised Statutes.

## **I. INTRODUCTION**

COPUC is a state commission as that term is defined in 47 U.S.C. § 153(41). *See* § 40-2-101, Colorado Revised Statutes. Pursuant to 47 C.F.R. § 54.207, the rule implementing 47 U.S.C. § 214(e)(5) of the Telecommunications Act of 1996 (Act), COPUC petitions the Commission for agreement with COPUC's service area designations for WTA (Study Area Code 462209). WTA is a rural telephone company, and, therefore, under 47 U.S.C. § 214(e)(5), both the Commission and COPUC must agree if WTA's service area is to be redefined as an area other than its study area.

By this Petition, COPUC seeks service area designations which differ from WTA's study area. Specifically, Petitioner requests Commission agreement to redefine WTA's service area consistent with WTA's recently approved method of disaggregating and targeting its federal universal service support. WTA, in accordance with 47 C.F.R. § 54.315, filed with COPUC (on May 15, 2002) its plan to disaggregate and target high-cost universal support. *See* Attachment 1. WTA elected to disaggregate support under Path 2 (47 C.F.R. § 54.315(c)). After hearings in the matter, the ALJ assigned to the application recommended approval of the Settlement in which WTA and other parties to the proceeding agreed to disaggregate WTA's universal service support to the exchange or wire center level. The Settlement between WTA, COPUC Trial Staff, and the Colorado Office of Consumer Counsel is appended to this Petition as Attachment 2. The ALJ's Recommended Decision approving the Settlement is appended here as Attachment 3.

N.E. Colorado Cellular (NECC), a wireless provider already certified as an ETC in some areas of Colorado, also participated as a party in WTC's Path 2 application before COPUC. NECC objected to only one aspect of the Settlement between WTA, COPUC Trial Staff, and the Office of Consumer Counsel. Specifically, NECC objected to the Settlement's proposal to disaggregate WTA's Local Switching Support (LSS) below the switch level. WTA has a single switch located in Wiggins, Colorado that serves the Wiggins exchange and is the host central office switch for the other wire centers. WTA has remote switching units located in Briggsdale, Grover, and New Raymer wire centers, and a line concentration module in Hoyt. All switching is done through the main switch in Wiggins. In the Settlement, WTA, COPUC Trial Staff, and the Office of Consumer Counsel agreed: (1) to allocate switching plant (*i.e.* remote switching units) located in Briggsdale, Grover, and New Raymer to those exchanges; (2) to allocate 30 percent of the Wiggins exchange switch to the Wiggins exchange only; and (3) to allocate the remaining 70 percent of the switch located in Wiggins to all WTA exchanges. (The Settlement recognized that the costs of the Hoyt line concentration module would be recovered as Hoyt loop costs.) The Settlement's method of disaggregation resulted in LSS support of \$8.41 for the Briggsdale exchange, \$12.63 for New Raymer, \$10.01 for Grover, \$3.15 for Hoyt, and \$6.18 for Wiggins. NECC opposed the Settlement, arguing that all switching costs should be averaged across all exchanges served by the Wiggins switch. This method would result in uniform LSS support of \$7.34 per line per month.

The Recommended Decision by the ALJ (Attachment 3) rejected NECC's arguments, and approved the Settlement in its entirety including the proposed method for disaggregating LSS support. NECC filed Exceptions to the ALJ's decision to COPUC. In Decision No. C03-0243 (appended as Attachment 4), COPUC affirmed the ALJ's Recommended Decision. Notably, the ALJ, in response to NECC's request, specifically clarified that the method of disaggregating WTA's universal service support (to the wire center level) would also serve as the method for redefining WTA's service area pursuant to COPUC's Rule 11 (discussion *infra*). See Attachment 3, paragraph 21. No party, not even WTA, opposed that recommendation by filing Exceptions on the point to COPUC. COPUC's decision (Decision No. C03-0243) denying NECC's Exceptions became final on March 25 (the last day for filing requests for reconsideration), when no party filed a request for reconsideration.

As more fully articulated below, Petitioner now seeks Commission agreement to designate each individual wire center of WTA as a separate service area for the purpose of designating competitive ETCs in WTA's territory, consistent with the Path 2 method for disaggregating WTA's universal service support. Such action will promote competition in WTA's service area.

## **II. PETITION FOR CONCURRENCE WITH COPUC'S ESTABLISHMENT OF SERVICE AREAS AS THE RESPECTIVE INDIVIDUAL WIRE CENTERS OF WTA .**

### **A. Applicable Law.**

The Act requires designation of ETCs for the purpose of implementing its universal service provisions. Under the Act, state commissions are to designate

companies as ETCs for specific “service areas.” *See* 47 U.S.C. § 214(e)(2). The term “service area” is defined in 47 U.S.C. §214(e)(5) as:

[A] geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms. In the case of an area served by a rural telephone company, "service area" means such company's "study area" unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c), establish a different definition of service area for such company.

Therefore, in the case of a rural telephone company, such as WTA, the company's service area is its study area until both the state commission and the Commission itself agree on a different service area.

Commission Rule 47 C.F.R. §54.207(c)(1) implements § 214(e)(5). In particular, the rule provides:

(1) A state commission or other party seeking the Commission's agreement in redefining a service area served by a rural telephone company shall submit a petition to the Commission. The petition shall contain:

- (i) The definition proposed by the state commission; and
- (ii) The state commission's ruling or other official statement presenting the state commission's reasons for adopting its proposed definition, including an analysis that takes into account the recommendations of any Federal-State Joint Board convened to provide recommendations with respect to the definition of a service area served by a rural telephone company.

The designation of service areas impacts the ease with which competition can enter rural areas. Specifically, 47 U.S.C. § 214(e)(1) of the Act, in part, requires any company seeking designation as an ETC to provide the services supported by the federal universal service support mechanism "throughout the service area" for which the designation is sought. *Accord* 47 C.F.R. § 54.201(d). The broader the service area, the more daunting the task facing a potential competitor seeking to enter the



market as a competitive ETC within a rural exchange area. For example, in WTA's service area, no company could receive designation as a competitive ETC unless it is able to provide service in five separate wire centers in a large geographic region of the state. As explained below, this constitutes a significant barrier to entry. Specifically, without disaggregation of WTA's service area, potential competitors desiring to serve even in substantial portions of WTA's study area, but not in the entirety of that area, cannot be designated ETCs. And, therefore, competitors cannot receive the kind of universal service support now being received by WTA.

**B. Service Areas Proposed by COPUC.**

Petitioner requests agreement to redefine WTA's service area to the wire center level, the same method COPUC approved to disaggregate WTA's universal service support. As stated above, WTA agreed to disaggregate its universal service support pursuant to the Path 2 method (47 C.F.R. § 54.315(c)) reflected in the Settlement (Attachment 2). In the Settlement now approved by COPUC, WTA agreed to disaggregate universal service support to the wire center level for each of its five wire centers. COPUC now suggests that each of WTA's five wire centers included in the four WTA exchanges be designated as separate service areas.

**C. COPUC's Recently Adopted Rules Provide that a Rural Carrier's Method for Disaggregating Universal Service Support Shall also Function as the Method For Redefining Service Areas.**

In Docket No. 01R-434T, COPUC recently adopted rules relating to universal service support partly in response to the Commission's decisions in *In the Matter of Federal-State Joint Board on Universal Service, Fourteenth Report and Order*,

*Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256*, 16 FCC Rcd. 11244 (May 23, 2001) (Fourteenth Report and Order). In that decision, the Commission did consider the Joint Board's recommendations regarding the definition of rural service areas. COPUC's decisions adopting the rules in Docket No. 01R-434T also takes into account the Joint Board's recommendations, in part, through its considerations of the Fourteenth Report and Order. COPUC's rules became effective on June 30, 2002. COPUC's new Rule 4 CCR 723-42-10 (Rule 10) follows the Commission's Rule 54.315 by directing rural ETCs to disaggregate universal service support pursuant to Path 1, 2, or 3--the same Paths established by the Commission. Notably, COPUC's new Rule 4 CCR 723-42-11 (Rule 11) then provides:

The (COPUC) will use the disaggregation plans of each incumbent Eligible Telecommunications Carrier established pursuant to Rule 10 not only for disaggregation of Colorado (High Cost Support) but also for the disaggregation of the study area of the rural incumbent local exchange carrier pursuant to 47 C.F.R. Section 54.207 into smaller discrete service areas.

(COPUC Rules 10 and 11 are appended to this Petition as Attachment 5.) Therefore, COPUC's rules now provide that WTA's existing service area should be redefined in accordance with the Path 2 method WTA agreed to for purposes of disaggregating support (*i.e.* to the wire center or exchange level).

As indicated in the decisions in which COPUC adopted Rules 10 and 11 (Attachment 6, Decision No. C02-319, Ruling on Exceptions; and Attachment 7, Decision No. C02-530, Decision Denying Application for Rehearing, Reargument, or

Reconsideration), rural telephone carriers, such as WTA, actively participated in COPUC's rulemaking docket through their association, the Colorado Telecommunications Association (CTA). Attachments 6 and 7 indicate that COPUC carefully considered CTA's objections to redefining rural service areas consistent with the method for disaggregating universal service support. In those decisions, COPUC specifically determined that disaggregation or targeting of universal service support is critically related to disaggregation or redefinition of service areas for rural carriers. Once support has been targeted to specific geographic areas, COPUC reasoned, no justification exists to delay the redefinition of service areas in the same manner. Such delay, in fact, would be anticompetitive. COPUC noted that, in prior cases, other carriers (*e.g.* Western Wireless and NECC) had sought designation as competitive ETCs in various rural areas. Those carriers were unable to obtain that designation in some areas because they lacked the facilities to provide service throughout the entirety of those service areas. The decisions point out that after universal service support for rural carriers is disaggregated concerns about cream skimming by competitive ETCs would no longer exist.

For reasons such as these, COPUC determined that the method of targeting universal service support should also be the method for defining a rural carrier's service areas, and COPUC's Rule 11 reflects that determination. Consistent with those findings and Rule 11 itself, Petitioner suggests that WTA's service area be redefined as set forth here.

**D. Defining WTA's Service Areas to the Wire Center Level is Consistent with the Recommendations of the Joint Board.**

Section 214(e)(5) and Commission Rule 54.207(c)(1) require that the state commission and the Commission itself, when seeking to redefine a rural service area, take into account the recommendations of the Joint Board regarding areas served by rural telephone companies. COPUC asserts that redefining WTA's service area in accordance with this Petition is consistent with the Joint Board's recommendations.

The Joint Board originally recommended that rural service areas remain the study areas of those companies, but implied that its recommendation might change as circumstances change. *Federal-State Joint Board on Universal Service in CC Docket No. 96-45*, 12 FCC Rcd. 87, para. 172 (November 8, 1996) (Joint Board Recommendation). The Board stated three reasons for recommending retention of the study area as the service area at that time.

First, the Board noted that some commenting parties expressed concern about cream skimming. By retaining a larger study area, the Board observed, the potential for cream skimming would be minimized, because competitors, as a condition of eligibility, would be required to provide services throughout the rural telephone company's study area. Competitors, thus, would not be eligible for universal service support if they sought to serve only the lowest cost portions of a rural telephone company's study area. *Id.* Second, the Board noted that the Act "in many respects places rural telephone companies on a different competitive footing with other local exchange companies." *See* Joint Board Recommendation, para. 173. Finally, the Board expressed concern about the administrative difficulties rural companies may

encounter in calculating costs at something other than a study area level. *See* Joint Board Recommendation, para. 174.

As reflected in the Commission's Fourteenth Report and Order, paras. 136-164, the Joint Board (through its Rural Task Force) has issued more recent recommendations on redefining rural service areas. The Fourteenth Report and Order (para. 137) noted the Board's continuing concern with cream skimming or "arbitrage" by competitive ETCs in rural service areas. In response to that concern, the Board recommended that rural carriers be permitted to disaggregate and target universal service support under one of three Paths.<sup>5</sup> Finally, the Commission, in the Fourteenth Report and Order, observed:

[W]e note the Rural Task Force recommended that the level of disaggregation of support be considered in determining whether to certify new eligible telecommunications carriers for a service area other than the entire study area of rural carrier study area. We believe that the level of disaggregation of support should be considered in determining whether to certify new eligible telecommunications carriers for a service area other than a rural carrier's entire study area to ensure that competitive neutrality is maintained between incumbent carriers and competitive eligible telecommunications carriers.

Fourteenth Report and Order, para. 164.

COPUC's suggestion to redefine WTA's service area addresses the concerns expressed by the Joint Board. Perhaps the Board's greatest concern with defining a rural company's service area to be something other than its study area is the possibility of cream skimming or arbitrage by competitive ETCs. However, the disaggregation and targeting of universal service support under Rule 54.315--

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<sup>5</sup> In fact, the Commission accepted the Joint Board's recommendation by directing rural companies to disaggregate support under Path 1, 2 or 3. *See* 47 C.F.R. § 54.315.

provisions recommended by the Joint Board itself --largely eliminates this possibility. In adopting Rule 11, which states that the method for disaggregating support shall also serve as the method for redefining rural service areas, COPUC noted that disaggregation and targeting of universal service support resolved concerns about cream skimming.

In this specific case, Petitioner notes that, pursuant to Rule 54.315, WTA itself agreed to disaggregate and target universal service support in its service area under Path 2. Specifically, the Settlement agreed to by WTA in its Path 2 application before COPUC: (1) disaggregates WTA Study Area support according to WTA's five wire centers; (2) allocates support into four zones per wire center; and (3) allocates support per line in each wire center area and per zone for Universal Service Fund support, Long Term Support, Interstate Common Line Support, and LSS support. A detailed rationale and explanation of the method for disaggregating WTA's universal service support is contained in pages 9-16 of Attachment 2. In light of these provisions, the possibility of cream skimming by competitive ETCs in WTA's service territory has been minimized, if not eliminated. Competitive ETCs will not be eligible for universal service support at a uniform amount per access line throughout WTA's territory. If they choose to serve in WTA's lower cost wire centers only, they will receive support at lower amounts per access line. COPUC further notes that, in response to NECC's request, the ALJ (Attachment 3, paragraph 21) expressly clarified that the Settlement's Path 2 method for disaggregating WTA's universal service support would also serve as the method for redefining WTA's service area; WTA did not object to that clarification by filing Exceptions with COPUC.

The above discussion points out that the Joint Board (through the Rural Task Force) specifically recommended that the level of disaggregation of support be considered in determining whether to certify new eligible telecommunications carriers for a service area other than the entire rural study area. Petitioner's suggestion here is consistent with that specific recommendation by the Board.

As noted above, in addressing the issue of redefining rural service areas, the Joint Board also expressed concern that rural carriers may find it administratively difficult to recalculate universal service support for service areas different than their study area. The above discussion, however, indicates that WTA has already calculated support down to the wire center level. Therefore, there can be no concern here that WTA will find it burdensome or even difficult to calculate universal service support based on its wire centers.

**E. The Act's Procompetitive Policies Suggest Establishment of Service Areas at the Wire Center Level for WTA.**

Entry of competitive ETCs into WTA's service areas will promote competition in the local exchange market in that region of the state. Petitioner suggests, however, that unless WTA's study area/service area is redefined, competition and its attendant benefits will likely be limited in this region. Specifically, Petitioner notes that given the present configuration of WTA's study area/service area, potential competitors are unlikely to obtain certification as an ETC because of the difficulty of serving all of WTA's study area. And without such certification, potential competitors would not be eligible for the kind of universal service support WTA is receiving.

COPUC notes that WTA's study area--and therefore its present service area--comprises five separate wire centers. That study area is approximately 2,150 square miles. *See Attachment 8.* Some of those five wire centers are non-contiguous, and it would be difficult for a competitive local exchange carrier to enter into all of WTA's study area at once. Attachment 8 indicates that NECC, a potential competitive ETC in WTA's territory, presently serves a portion of WTA's study area, but not the entirety of that area. Therefore, COPUC suggests, maintaining WTA's rural service area in a multiple exchange configuration will, in effect, preclude potential competitive providers from seeking ETC designation even for wire centers where those companies can provide service, and can meet all other requirements for designation as an ETC. WTA will receive universal service support, but potential competitive providers will not. This circumstance is a barrier to entry.

As explained above, there are no countervailing considerations (*e.g.* the possibility of cream skimming by new entrants) which counsel against designation of competitive ETCs in WTA's wire centers. As such, universal service support should be available to competitive providers offering supported services in any WTA wire center.

## **CONCLUSION**

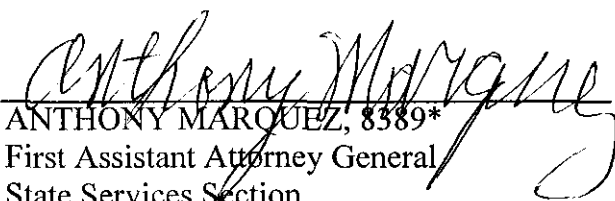
COPUC submits that rural areas of Colorado--there are many--should not be left behind in the move to greater competition in the local exchange market. COPUC concludes that the procompetitive goals of the Act would best be served by the designation of smaller service areas, to the wire center level, for WTA.



Therefore, Petitioner requests that, in accordance with 47 U.S.C. § 214(e)(5) and Commission Rule 47 C.F.R. § 54.207, the Federal Communications Commission concur with COPUC's establishment of service areas for Wiggins Telephone Association as the individual wire centers of WTA. Each individual wire center of the Wiggins Telephone Association should be established as a separate service area for the designation of competitive ETCs.

Dated, this 29 day of May, 2003.

KEN SALAZAR  
Attorney General

  
ANTHONY MARQUEZ, 8389\*  
First Assistant Attorney General  
State Services Section  
Attorneys for  
The Colorado Public Utilities Commission  
1525 Sherman Street, 5th Floor  
Denver, Colorado 80203  
Telephone: (303) 866-5380  
\*Counsel of Record

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

CERTIFICATE OF SERVICE

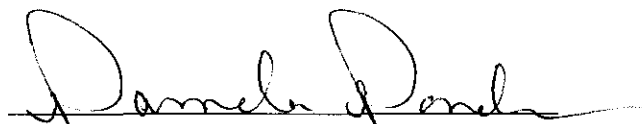
I, Pamela Ponder hereby certify that I mailed an original and four (4) copies of the attached PETITION BY THE COLORADO PUBLIC UTILITIES COMMISSION, PURSUANT TO 47 CFR § 54.207(C), FOR COMMISSION AGREEMENT IN REDEFINING THE SERVICE AREA OF WIGGINS TELEPHONE ASSOCIATION, A RURAL TELEPHONE COMPANY this 29<sup>th</sup> day of May 2003 by Federal Express overnight mail delivery, addressed as follows:

MARLENE H. DORTCH  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY  
9300 EAST HAMPTON DRIVE  
CAPITOL HEIGHTS, MD 20743

And a copy by U.S. Mail upon each of the following:

BARRY HJORT  
COLORADO TELECOMMUNICATIONS ASSOCIATION  
P.O. BOX 300  
LITTLETON, COLORADO 80160

DAVID LA FURIA  
LUKAS, NACE, GUTIERREZ & SACHS  
1111 NINETEENTH STREET, N.W., SUITE 1200  
WASHINGTON, D.C. 20036

A handwritten signature in black ink, appearing to read "Pamela Ponder", written over a horizontal line.

RECEIVED

MAY 15 2002

PUBLIC UTILITIES COMMISSION  
STATE OF COLORADO

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 02A-276T

**IN THE MATTER OF THE APPLICATION OF WIGGINS TELEPHONE  
ASSOCIATION FOR APPROVAL OF ITS DISAGGREGATION PLAN**

**VERIFIED APPLICATION**

Wiggins Telephone Association, through the undersigned, pursuant to Rule 4 Code of Colorado Regulations ("CCR") 723-42-10 ("Disaggregation and Targeting of Support by Rural Incumbent Local Exchange Carriers"), submits its Application for Approval of Disaggregation plan. Wiggins Telephone Association states the following in support of its Application:

1. Through this Application, Wiggins Telephone Association seeks approval of its disaggregation plan.
2. The specific details of how Wiggins Telephone Association's disaggregation plan was developed are set forth in the attached exhibit, which explains the methodology employed to determine the number of zones and their associated cost. (See, Exhibit A). No existing customers will be impacted by this disaggregation plan; therefore, no customer notice is required for this application.
3. Exhibit B of this application will demonstrate the ratio of per-line support between zones for High Cost Loop, Local Transport Support, and Local Switching Support. These ratios shall remain fixed over time unless the state commission requires that Wiggins Telephone Association change these ratios. Additionally, this exhibit will make evident that the per-line support amounts used to determine the support was based on Wiggins Telephone Association's total support level, lines, and disaggregated support relationships.
4. Exhibit C of this application will provide a map of each central office and will precisely identify the boundaries of the proposed disaggregation zones within Wiggins Telephone Association's study area. The central offices associated with this disaggregation plan are:
  - A. Briggsdale
  - B. New Raymer
  - C. Grover
  - D. Hoyt
  - E. Wiggins

Each central office will maintain five (5) zones under the proposed disaggregation plan. The zones will be constructed based on the miles from the central office as followed:

- A. Zone 1: 0 to 01 mile
- B. Zone 2: 01 to 07 miles
- C. Zone 3: 07 to 10 miles
- D. Zone 4: 10 to 20 miles
- E. Zone 5: 20 to 30 miles

It is requested that this filing become effective on June 1, 2002. If there are any questions, please direct them to:

Kcith E. Clayton or Larry Dale  
ITC's, Inc.  
4775 Barnes Road  
Suite M  
Colorado Springs, Colorado 80917

Telephone: 719-574-5120.  
Fax: 719-574-3050

WHEREFORE, Wiggins Telephone Association seeks approval of its disaggregation plan described herein.

Dated this 14<sup>th</sup> day of May, 2002.

By: Dwight E. Schmitt  
Dwight E. Schmitt  
CEO/General Manager

Wiggins Telephone Association  
414 Main Street  
PO Box 690  
Wiggins, Colorado 80654  
Telephone: (970) 483-7343  
Fax: (970) 483-7713

# **EXHIBIT A**

### **Methodology for calculating the Local Loop Analysis**

The following describes the rationale used to disaggregate support, including the methods and data relied upon to develop the zones. This procedure complies with the FCC's self-certification guidelines for disaggregation support.

1. Took loop information on each loop from company staking sheets and route maps, listing each section of the route and each loop, by cable pair, cable gauge, and cable length or footage of route from the central office, listing the route, and sub routes and each pedestal.
2. From information in step one, calculated the number of users on each section of cable and loop.
3. From information in step one, applied installed cost to each section of cable from Outside Plant Continuing Property Records.
4. From information in steps two and three, calculated the cost per subscriber for each section of cable and each loop.
5. From information in step four, calculated the total cost of Outside Plant for each subscriber using each section of cable.
6. In areas where there was unassigned plant, the unassigned plant was allocated to the remaining subscribers in an exchange based on the direct cost for each subscriber.
7. Subscribers on carrier equipment was noted and assigned the carrier equipment costs.
8. Calculated the depreciation reserve for each subscriber based on gross investment per subscriber.
9. Calculated the net investment per subscriber and return on investment per subscriber.
10. Allocated the depreciation expense per subscriber as well as the Cable and Wire Facilities expense attributable to common line per subscriber.
11. Allocated Switching and Transport Investment per subscriber as well as accumulated depreciation, return on investment, and direct expenses pursuant to Title 47, Part 36 methodology.
12. Allocated Customer Service Expenses per subscriber pursuant to Title 47, Part 36 methodology.

**Methodology for calculating the Local Loop Analysis - (Cont.)**

13. Allocated indirect expenses to Common Line, Switching, Transport and Customer Service pursuant to Title 47, Part 36 methodology.
14. Tied revenue requirement for Common Line, Switching, Transport and Customer Service total revenue requirement back the Title 47, Part 36 Cost Separations for verification of accuracy. Noted differences in total revenue requirement due to End of Year Rate Base versus Average for the Year Rate Base.
15. Developed the level in Common Line Revenue Requirement at which amount no subscriber would pay more than any other high cost subscriber given the company's Federal Universal Service Funding, Long Term Support and Interstate Common Line Support (hereinafter "Federal Support").
16. Utilizing the route maps provided by the company, drew circles around the central office at various distances for use in calculating the Federal Support.
17. Calculated the amount of support and subscribers in each zone around the central office and the support per subscriber.
18. Presented the information to the company for decision-making.

# **EXHIBIT B**



**Wiggins Telephone Association, Inc.**  
**Summary of Loop Cost Analysis**  
**Determining Support by Zone - Miles from the Central Office**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
	Interstate	Interstate	Interstate	Interstate	Interstate
	Support	Support	Support	Support	Support
<b>Miles from Central Office</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>10</b>	<b>20</b>
<b>Miles from Central Office</b>	<b>1</b>	<b>7</b>	<b>10</b>	<b>20</b>	<b>30</b>
 <b>Briggsdale</b>	 \$0.28	 \$12.01	 \$38.49	 \$86.70	 \$132.14
<b>New Raymer</b>	\$0.28	\$12.01	\$38.49	\$86.70	\$132.14
<b>Grover</b>	\$0.28	\$12.01	\$38.49	\$86.70	\$132.14
<b>Hoyt</b>	\$0.28	\$12.01	\$38.49	\$86.70	\$132.14
<b>Wiggins</b>	\$0.28	\$12.01	\$38.49	\$86.70	\$132.14